P. L. RAJ MAINS Q & A – DAY 92

Energy Security Amidst the West Asian Storm

Introduction

In the high-stakes theater of global geopolitics, energy security remains the Achilles' heel of emerging economies. For India, which imports nearly 85% of its crude oil, any tremor in West Asia—the world's primary pumping station—sends ripples through its fiscal deficit and inflation targets. As the conflict in West Asia intensifies in 2026, Union Petroleum Minister Hardeep Singh Puri has assured the nation of "cautious optimism." This resilience is built on a foundation of diversified procurement and a robust network of Strategic Petroleum Reserves (SPR).

The Criticality of Oil Imports for India

India is currently the world's third-largest consumer of crude oil, consuming approximately 5.6 million barrels per day (bpd).

1. **Economic Lifeline -** Oil is the "master resource" that powers transport, industry, and agriculture.
2. **Fiscal Sensitivity -** A $\$10$ increase in the price of a barrel of oil can expand India's Current Account Deficit (CAD) and put downward pressure on the Rupee.
3. **Import Dependency -** Beyond crude, India relies on the Gulf for 83% of its LPG and 56% of its LNG, making the energy supply chain vital for both kitchens and factories.

The West Asian Crisis - The "Hormuz" Hurdle

The current intensification of war in West Asia has put the Strait of Hormuz—a narrow chokepoint between Oman and Iran—under severe threat.

1. **The Chokepoint -** Roughly 40% of India's crude oil and a massive chunk of its LNG (especially from Qatar) pass through this strait.
2. **The Disruption -** With drone strikes on Saudi Aramco's Ras Tanura refinery and pauses in Qatar's LNG production, the "just-in-time" supply chain is facing its toughest test since the 1970s.
3. **Alternative Routes -** If Hormuz remains closed, ships must take the long journey around the Cape of Good Hope, significantly increasing freight costs and delivery times.

India's Buffer - Strategic Petroleum Reserves (SPR)

To insulate the economy from such shocks, India has developed underground rock caverns to store crude oil, known as Strategic Petroleum Reserves.

1. Existing Phase-I Capacity (5.33 Million Tonnes)

These facilities provide approximately 9.5 days of crude cover -

1. **Visakhapatnam (Andhra Pradesh) -** 1.33 MT
2. **Mangaluru (Karnataka) -** 1.5 MT
3. **Padur (Karnataka) -** 2.5 MT

2. Integrated National Stock

When the SPR capacity is combined with the storage tanks of Oil Marketing Companies (OMCs) like IOCL and BPCL (which hold 64.5 days of stock), India currently possesses a total national capacity of 74 days. Currently, the government holds roughly 25 days of physical crude and 25-30 days of LPG.

Government Measures and Rationalization

The government is moving from a defensive stance to a proactive "Commercial-cum-Strategic" model -

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1. **Phase-II Expansion -** The government has approved an additional 6.5 MT of storage at Chandikhol (Odisha) and a second facility at Padur.
2. **PPP Model -** To manage the ₹14,527 crore cost, India is inviting international oil companies (like ADNOC) to store oil in these caverns on a Public-Private Partnership basis.
3. **Diversification -** Minister Puri noted that India is aggressively sourcing oil from West Africa and the US—routes that bypass the Strait of Hormuz entirely.

Way Forward

To achieve true "Urja Atmanirbharta" (Energy Self-Reliance), India must -

1. **Accelerate SPR Phase-II -** Rapid completion of the Chandikhol and Padur facilities is essential to reach the global benchmark of 90 days of emergency cover.
2. **Trans-Oceanic Partnerships -** Formalize long-term supply contracts with Guyana, Brazil, and African nations to reduce over-reliance on the Persian Gulf.
3. **Energy Transition -** Every electric vehicle (EV) on the road and every megawatt of solar power generated reduces the "strategic vulnerability" of the oil supply chain.
4. **Domestic Exploration -** Enhancing production through the HELP (Hydrocarbon Exploration and Licensing Policy) to increase the share of domestic crude.

Conclusion

The West Asian crisis is a reminder that energy security is synonymous with national sovereignty. India's strategy of "cautious optimism"—backed by 74 days of storage and a pivot toward non-Hormuz routes—shows a maturing energy diplomacy. While the shadows of war loom over the Gulf, India's underground caverns and diversified sea lanes serve as the silent guardians of its economic growth.

Mains Practice Question

"Examine the vulnerabilities of India's energy security in the context of the 'Strait of Hormuz' chokepoint. To what extent can Strategic Petroleum Reserves (SPR) mitigate long-term geopolitical supply disruptions?" (32 words)

Answer Guidelines

1. **Introduction (Approx. 30–40 words)**
   Define India's import dependency (85% crude, 56% LNG) and the current West Asian context.
2. **Body**
   Paragraph 1 (The Vulnerability)
   Explain the "Hormuz" factor—40% of crude and 83% of LPG transit through this point. Mention the "Cape of Good Hope" as a costly alternative.
   Paragraph 2 (The SPR Mitigation)
   List the current 5.33 MT capacity and the total 74-day cover (SPR + OMCs). Mention Phase-II expansion.
   Paragraph 3 (The Limitation)
   Acknowledge that SPRs are for "short-term shocks" (approx. 9.5 to 74 days). Long-term disruptions require diversification (US/Africa) and energy transition (Renewables).
3. **Conclusion (Approx. 30–40 words)**
   Conclude with the importance of the PPP model in SPR and the vision of energy independence.